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APR 22 2003

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Federal Communications Commission
Office of the Secretary

New telemarketer tool trumps TeleZapper

NEW YORK (AP)--A telemarketing tool that penetrates home privacy defenses is upping the ante in a technology battle between sales callers and consumers seeking shelter from unsolicited calls.

Castel Inc., a maker of automated dialing technology, boasts that its DirectQuest software is immune to the TeleZapper, a \$40 gadget designed to thwart sales calls by faking the tones of a disconnected number.

Massachusetts-based Castel has been mailing brochures to telemarketers and other prospective customers touting the software, which also includes a feature that lets salesmen transmit any phone number or text message to residents' caller ID displays.

Dodging privacy services

That second component allows DirectQuest to dodge such phone company privacy services as SBC's Privacy Manager and Sprint's Privacy ID, both of which reject calls that don't provide caller ID information.

Castel's software is built for the high-volume "predictive dialers" that use multiple lines to phone residential numbers and connect salesmen to people who answer.

"It's a privacy arms race," said Robert Bulmash of the privacy group Private Citizen, based in Naperville, Illinois. "The industry is crowing that 'We don't want to call people that don't want to be called,' and at the same time

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it's calling them."

Consumer privacy devices will increasingly lose effectiveness as telemarketing firms switch to the new dialing technology -- which costs roughly \$2,700 per calling operator, said Bulmash.

Royal Appliance Mfg. Co., which manufactures the TeleZapper, says millions of them have been sold. The device is designed to trick predictive dialers into dropping the call by playing the three shrill tones of a disconnected number.

Identifying the caller

The privacy services sold by phone companies target another weakness of the predictive dialer -- their inability to transmit caller ID.

Castel chief executive Geoff Burr labels as "unsophisticated" dialers that succumb to privacy devices. "Serious professional operations don't use that equipment -- or they won't be for long," he said.

Burr said DirectQuest is not aimed at bothering consumers, but the opposite -- making sales calls less intrusive. By providing the identity of the company on behalf of which the telemarketer is calling, DirectQuest gives people the option not to take the call.

The software also helps telemarketers mind federal guidelines that require accurate and descriptive caller IDs, said Burr.

"If you're an operator that calls on behalf of Mastercard, you're supposed to put out 'Mastercard' and a number that gets to Mastercard," he said.

'Do not call' list collects names

Instead of listening for sounds that identify the status of a phone line, DirectQuest learns the line's condition by reading signals from phone company computers, said Walter Elicker, Castel's marketing director.

Elicker said privacy gadgets don't just thwart telemarketers but also bill collectors who use predictive dialers. "Collections people want to make

damn certain they're not fooled by these kinds of devices," he said.

A more effective means of blocking sales calls lies with the emerging federal Do Not Call list as well as similar lists kept by some two dozen U.S. states, Burr said.

The Federal Trade Commission has said its Do Not Call list will begin collecting names this summer and be in operation by the fall. Telemarketers who phone listed numbers can be fined up to \$11,000 for each violation.

Effectiveness of Do Not Call lists, at least for now, is a pipe dream, Bulmash said. The FTC doesn't regulate telemarketing-heavy industries like long-distance phone companies, banks, airlines and insurance companies.

Providing revenues

State lists, too, often make exemptions for funeral homes and car dealers. No agency can prevent phone calls by political campaigns, charities and surveyors.

Predictive dialers fueled huge growth in the telemarketing.

Telemarketing advocates fear Do Not Call lists could devastate industry revenues and the jobs that depend on them.

An article in the February issue of Customer Interaction Solutions, a telemarketing industry magazine, said FTC restrictions could eliminate three million jobs.

The article estimated that the top 75 U.S. telemarketing firms paid for 13.2 billion minutes of long-distance phone service last year. At 4 cents a minute, that amounts to \$528 million in telecommunications revenue.

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